Wise Payments Limited

Annual Report and financial statements for the year ended 31 March 2022

Registered number: **07209813**

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General information

Company name:	Wise Payments Limited
Registered number:	07209813
Registered office:	6th Floor, Tea Building 56 Shoreditch High Street London E1 6JJ, UK
Directors:	Kristo Käärmann Matthew Briers (appointed 7 October 2021)
Company secretary:	Syeeda Ollite (appointed 2 December 2021)
Independent auditors:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH, UK

Strategic report for the year ended 31 March 2022

Principal activity

The principal activity of the Company is the provision of cross-border money transfer services. Wise Payments Limited (the 'Company') is a wholly-owned subsidiary of Wise plc ('Wise' or the 'Group'). The Company's immediate parent undertaking is Wise Financial Holdings Limited.

The directors present their Strategic report for the year ended 31 March 2022.

Business review

Our mission is to build money without borders: instant, convenient, transparent and eventually free (the "Mission").

Highlights of financial year

This financial year has been a transitional year for the Company. The Company was the parent company of the former Transferwise Group until 22 June 2021, when the pre-listing reorganisation took place. The Company focused on progressing the Mission and supporting the Wise Group on the Group reorganisation and the listing of the Group's ultimate Parent Company, Wise plc.

<u>Performance</u>

We generated £343.9 million of gross profit in FY22, a 44.5% increase on £238.0 million last year and equivalent to a 65.1% gross margin (2021: 60.0%), thanks to savings in our marginal unit costs. This growth in gross profit, which is in line with our growth in volume, demonstrates that reductions in price can be made whilst sustaining our ability to invest.

We invest in three ways to build better customer experiences that in turn drive more customers, more volume and more scale. This means we can lower our unit costs even more and still grow our capacity to reinvest.

We first invest in our product and infrastructure platform. We invest heavily in our Engineering teams, and in launching new features and products. This drives a better customer experience, more referrals, and also lowers our unit costs. The year 2022 saw us acquire a company for the first time. We successfully completed the acquisition of Vaho Forex Private Ltd in India, which helps us obtain an Authorised Dealer II licence and should significantly speed up our growth in the market.

And of course, we re-invest in sustainably lowering prices for our customers. This is a long-term investment on the belief that driving down the cost of international banking, and in turn having the lowest unit cost, will position us the strongest for the future.

Administrative costs increased 53.1% to £307.6 million, primarily due to an increase in employee costs, outsourced services, marketing and other administrative expenses.

Employee costs increased 24.4% to £139.8 million as we continued to build our teams to support growth. We increased the number of Wisers by an average 535 to 2,271.

Profit before tax was £41.7 million compared to £35.4 million last year, a growth of 17.8%. This reflects the higher operating expenses and the investment in our future, the costs of the listing, and includes a £4.8 million loss on the sale of government bonds in early 2022.

As at 31 March 2022, we held £2.1 billion of cash and highly liquid investment grade assets, up 75.0% from £1.2 billion held at the end of FY2021.

Group Reorganisation

On 22 June 2021, in connection with the preparation for the direct listing on the London Stock Exchange for Wise plc, the Company undertook a share reorganisation in which all shares (ordinary and preference) were redesignated into a single class of A Ordinary Shares. Following which, each Class A Ordinary Share was split into 26 Class A Ordinary Shares. The Company then undertook a bonus issue of B Ordinary Shares. On the same day and following the above share reorganisation, the Company's shareholders entered into a share-for-share exchange agreement with the shareholders of Wise plc, acquiring the Company's Class A and Class B Ordinary Shares with nominal values of £0.000 01 and £0.000 000 001, in exchange for the issue of Wise plc Class A and Class B Ordinary Shares with nominal values of £0.01 (i.e. 1,000 times greater than the nominal value of Wise Payments Limited's Class A shares) and £0.000 000 001, respectively. As a result, Wise plc became the ultimate parent company of the Group, with a 100% indirect investment in the Company through Wise Financial Holdings Limited.

Group rebrand

The Group went through a rebrand, transitioning from TransferWise to Wise, to reflect that the product offering goes beyond transfers, and to suit the community we're building for: people who live multi-currency lives, or run multi-currency businesses, who want to be smart with their money. Specifically for this Company, it meant a change of name from Transferwise Ltd to Wise Payments Limited.

Listing of Wise plc

The Board had provided oversight on the direct listing of its ultimate parent company, Wise plc. By doing a Direct Listing, the Company ensured that everyone got the same opportunity to own a part of Wise, including its original shareholders. This also involved the Board advising on the method of listing, the OwnWise programme and Board composition for Wise plc, in providing the initial Directors for Wise plan and assisting Wise plc in identifying additional independent non-executive Directors.

The Wise Group

The Company is the principal subsidiary of Wise plc by way of Wise Financial Holdings Limited and has 23 subsidiaries and six branches, including overseas branches in Estonia, Hungary, Spain and Hong Kong.

Purpose and Strategy

Our Mission is to build money without borders: instant, convenient, transparent and eventually free. The Board makes sure we have the resources, that everything we do is aligned to our mission, but it's up to our teams to set their own strategy and work together to achieve the impact in their domain. So while the Board does not set our strategy in the traditional way, it does oversee, review and challenge it, ensuring that it keeps us on track to achieve our mission.

Statement on employee engagement

We have reported annually on our gender pay gap for several years. Wise has a strong female presence globally, however there are areas where gender hiring is still a concern. Our founders are male, and a large portion of the Wise Senior Leadership Team is based out of the UK office are male, meaning that these factors heavily influence our gender pay gap. Additionally, as with many technology companies, a significant proportion of our highest paying roles still sit within our Engineering team, a discipline which has a history of being largely dominated by men.

Based on the UK gender pay gap reporting requirements, our 2021/22 UK gender pay gaps of 19.51% (median) and 20.00% (mean) show a year on year decrease in both measures (2021: 24.00% and 23.43% respectively), however we still have work to do.

Wise is committed to improving the gender balance across all levels of the business and this is a core focus for DEI at the Company as a whole. Key objectives include attracting more women to work in areas where gender has been imbalanced, such as our Engineering teams (where 88% of our employees are male) and specifically targeting and supporting the development of female senior leaders in the Company.

The Company's latest Gender Pay Gap Statement can be found on the Wise website: https://wise.com/gb/blog/gender-pay-gap-fy2021

	Mean	Median
Hourly rate of pay	2022: 20.00% 2021: 23.43%	2022: 19.51% 2021: 24.00%
Bonus pay	2022: 49.71% 2021: 86.66%	2022: -44.93% 2021: 0.00%

Our stakeholders and s172 statement

Section 172(1) Statement

The relationship between the Company and its stakeholders is fundamental to the strategy, purpose and values of our business and drives our decision making. In the financial year, when considering matters, the Board balances the needs and expectations of all stakeholders in the process. In doing this the Directors had regard, to the:

- Likely consequences of any decisions in the long term;
- Interests of the company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- Desirability of the Company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between shareholders of the Company.

Stakeholder and their interests	How do we engage?	How has the Board taken customer interests into account in decision making
Customers - Key customer priorities include: • Convenience of use • Sensible pricing • Speedy transactions • Business transparency	• We keep our customers updated on the progress of our work through a series of communications. • Our most engaged customers are invited to try our new products and features before the official release. • We provide customers with 24/7 customer support via a help centre with 1,000s of FAQs as well as web chat,	• The Board supported the strategy to keep transfer pricing low, with the average price per transfer now 0.609%, and with 4538% of all payments being made instantly. • The Board approved the Company rebranding strategy, which would reflect the wider offering being made available to customers.

	email and telephone support where our CS agents solve the customers' problems. ● We actively encourage customer feedback and customers are regularly invited to share their thoughts through a wide range of research methodologies (surveys, interviews, focus groups etc.).	
Employees, their key priorities are: ● Feeling valued and appropriately rewarded; ● Health, safety and wellbeing in the workplace; ● Having an inclusive and diverse workplace with a respectful company culture; ● employee growth and development.	● Open, transparent culture ● Annual "WiserPulse" employee engagement survey. ● Open career maps to transparently communicate roles and salary ranges ● Employee resource groups ● Significant investment in leadership coaching and employee training ● An independent whistleblowing service ● hybrid way of working ● Employee Assistance Programme	● The Board approved the Whistleblowing Policy
Shareholders - their key priorities are delivery of sustainable, profitable growth over both the short and the long term;.	The Board of Wise plc (the Company's ultimate shareholder) receives regular updates and matters for escalation from the Company	The Board approved matters relating to the Company and Group reorganisation
Communities - their key priorities are having a safe and friendly service for international and local money transfers	● Expanding our money transfer services. ● Continuing our environmental sustainability efforts ● Providing charitable donations ● Leveraging the Wise platform to facilitate fee-free donations from around the world to three global health organisations funding vaccine development and distribution to low-income countries, ● Waiving fees on transfers to Ukraine ● Partnering with the	● The Board supported and approved matters relating to market expansion. ● The Board approved the Company's rebranding strategy, which would reflect the wider offering being made available to customers in all communities

	international community, including the United Nations and World Bank, by lending our expertise as they seek to improve cross-border payments and lower the costs of remittances.	
Suppliers – their key priority is maintenance of long-term, productive relationships is critical to both our suppliers and to the Company.	• The Company adheres to the Group's Third Party Risk Management processes for the onboarding of the key vendors. • The Company has improved payment processes to ensure our suppliers are paid more efficiently and on time	• Relationships with our suppliers are subject to a number of governance controls • Approval of a Modern Slavery Statement each year.
Government and Regulators – Their key priorities are • Customer protection • Enhancing the resilience of the financial system • Prevention of financial crime • Promotion of competition	• As a licensed and regulated entity, the Company engages directly with regulators and provide reports on key topics and themes to our subsidiary and Group board members. • We work closely with governments around the world, including regulators and policymakers at the local, national, regional, and global levels.	• The Board has been focused on the development of the three lines of defence model, to ensure appropriate control and mitigation of our key risks. • The Board engaged constructively with our regulators during the year

Principal risks and uncertainties

Principal risks are those that we focus on as a business. These risks typically come about due to the fundamental nature and scope of our business model. As a member of Wise Group, the Company is directly exposed to a variety of risks which are either specific to the Company or are directly or indirectly applicable to the operations of the Company. Risks are identified and mitigated at Group level, with the following risks being deemed applicable to the Company:

- Regulatory risk
- Financial crime risk
- IT system control failure risk
- Market risk
- Credit risk
- Tax risk
- Fraud risk
- Third-party risk
- Data privacy risk
- Risk of disruptive competition
- Economic uncertainty

For full details of the risks and the Group's approach to risk management, refer to the Group's Consolidated Annual Report and Financial Statements, Strategic report and section entitled Risk management, which are equally applicable to the Company.

Non-financial information statement

This non-financial information statement provides an overview of topics and related reporting references as required by Sections 414CA and 414CB of the Companies Act 2006. The below table and information it refers to, is intended to help understand the Company's position on key non-financial information matters.

Reporting Requirement	Policies and standards which govern our approach
Environmental matters	**Environmental & Social Impact Strategy** - is a strategy covering our sustainability and charitable partnerships efforts in a hybrid of what other companies might call Environmental Social Governance (ESG) and Corporate Social Responsibility (CSR). The strategy, which is made up of five pillars, includes our 'Emission Zero' pillar which enshrines our Measure, Reduce and Offset/Remove approach to climate change and our emissions. We are committed to being net zero by 2030. These often align with the United Nations Sustainable Development Goals. These efforts functionally focus on Wise's environmental sustainability (net zero by 2030) and charitable giving.
Human rights	**Modern Slavery Statement** - is Wise's statement of our commitment to ensuring that slavery and human trafficking are not taking place in any part of our business or supply chain. **Privacy and Data Protection** - sets out Wise's approach to protecting the personal data and privacy rights of our customers, employees and other stakeholders.
Our people	**Code of Conduct** - sets the standards for how employees should behave and treat each other. **Health and Safety Policy** - sets out our approach to health, safety and wellbeing. **Diversity, Equity and Inclusion** - outlines the Wise commitment to creating a team and working environment that is diverse, equitable and inclusive. **Anti-Bribery and Corruption (ABC) Policy** - sets out our responsibilities, in observing and upholding our position on bribery and corruption; and to provide information and guidance on how to recognise and deal with bribery and corruption red flags. **Whistleblowing Policy** - is the process and parameters for employees to report any suspected instances of wrongdoing. **Code of Conduct** - sets the standards of how employees should behave and treat each other **Delegation of Authority Policy** - defines the process for assigning authority to employees. **Conflicts of Interest Policy** - sets the expectation ensures that all directors adhere to the highest standards of behaviour with regard to conflicts of interest. **Health and Safety Policy** - sets out the approach to health, safety and wellbeing.

	Wiser Complaint/Grievance Process - sets out the processes and guidelines for filing a formal complaint regarding another employee. **Conflict Resolution Process** - sets out the informal process for resolving conflicts between employees. **Diversity, Equity and Inclusion** - outlines the commitment to creating a team and working environment that is diverse, equitable and inclusive. **Anti-Bribery and Corruption (ABC) Policy** - sets out our responsibilities, in observing and upholding our position on bribery and corruption; and to provide information and guidance on how to recognise and deal with bribery and corruption red flags.
Social matters	**Third Party Risk Management Policy** - summarises the systems and processes in place to enable Wise to identify, assess, monitor and report on key risks which arise as a result of relationships Wise has or proposes to have with certain of its third parties. **Charitable Donations Process** - summarises the ways that employees can get involved in disaster relief and charitable donations. **Complaints Policy** - describes the process for resolving customer complaints efficiently. **Vulnerable Customer Policy** - is Wise's policy stating our aim is to ensure that the operations of our business do not have a negative impact upon vulnerable consumers when they are using our products.
Anti-corruption and anti-bribery	**Anti-Bribery and Corruption (ABC) Framework** - sets out our responsibilities, in observing and upholding our position on bribery and corruption; and to provide information and guidance on how to recognise and deal with bribery and corruption red flags. **Regional Anti Money Laundering Policy** - provides all employees with an overview of the Wise approach to mitigating the risk of money laundering (ML) and terrorist financing (TF). **Sanctions Policy** - provides all Wise employees with an overview of sanctions. Defines the controls to protect the company by ensuring compliance with all applicable sanctions, laws, orders, and regulations, as well as detect, prevent and deter attempts to use Wise to circumvent sanctions. **Enhanced Customer Due Diligence Manual** - establishes EDD procedures which strengthen Wise's KYC framework and look to ensure compliance with relevant regulatory requirements for customers who require a higher level of due diligence. **Financial Crime Oversight Escalation and Approval Policy** - provides a governance structure and assists teams which are responsible for introducing or improving product offering, or when changing controls or compliance Operations strategy. This policy serves to help when selecting and prioritising internal controls and risk mitigation actions in the context of continuous improvement of operational processes, and compliance management of new products, features or partnerships. **Politically Exposed Persons Manual** - summarises the regulatory requirements and best practices applicable to Politically Exposed Persons (PEPs) and to describe in detail the compliance program on how PEPs are identified, onboarded and monitored.

Directors' report

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2022.

Going concern
The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the available resources to continue in business for the foreseeable future.

The Directors have made inquiries of management and considered forecasts for the Company and have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to continue to meet its financial obligations as they fall due and to continue in operations for the foreseeable future. The Company, therefore continues to adopt the going concern basis in preparing its financial statements.

Directors
The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Kristo Käärmann [41, Estonian]
Director

Date of appointment
31 March 2010

Matthew Briers [45, British]
Chief Financial Officer

Date of appointment
7 October 2021

Background

Board changes during year

Roger Ehrenberg, stepped down from the Board with effect from 16 June 2021.
Taavet Hinrikus, David Wells and Alastair Rampell stepped down from the Board on 18 June 2021.
Matthew Briers was appointed to the Board as a Chief Financial Officer with effect from 7 October 2021.
Ingo Jeroen Uytdehaage stepped down from the Board on 2 December 2021.
Dean Nash was appointed as Director on 21 September 2021 and subsequently resigned as Director on 2 December 2021,

Company Secretary
Syeeda Ollite was appointed as Company Secretary on 2 December 2021, in succession to Dean Nash who resigned as Company Secretary on 2 December 2021.

Dividends

During the year, a cash dividend of £0.6m was paid to the Company's immediate parent entity Wise Financial Holdings Limited and £0.8m to the ultimate controlling party Wise plc as part of the pre-listing reorganisation. Refer to note 1.1 for further details.

Average number of employees

The average number of employees during the year ended 31 March 2022 was 2,271 (2021: 1,736 employees).

Political and charitable donations

The Company made charitable donations to various organisations of £0.4m during the year (2021: £nil). The Company did not make any political donations or incur any political expenditure (2021: £nil).

Information provided to the auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

PricewaterhouseCoopers LLP ('PwC') are the external auditors to the Company. PwC has expressed its willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's auditors.

Post balance sheet events

No post balance sheet events have occurred since 31 March 2022.

The Directors' Report is approved by the Board of Directors on 26 August 2022 and were signed on its behalf by:

DocuSigned by:
Kristo Käärmann
96D57D1FC175412...

Kristo Käärmann
Director

DocuSigned by:
EA8FBE7F29B447F...

Matthew Briers
Chief Financial Officer

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors' report to the members of Wise Payments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wise Payments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: statement of financial position as at 31 March 2022; statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries impacting revenue, misreporting of corporate cash and cash in transit balances and understatement of customer liabilities. Audit procedures performed by the engagement team included:

- Review of correspondence with and reports to the FCA;
- Obtaining legal confirmations from legal advisors relating to material litigation;
- Identifying and testing journal entries, including those posted with double entries to unusual account combinations;
- Reviewing dispute logs, breaches/incident logs, legal expenses and whistleblowing reports;
- Testing a sample of intra-Group cash in transit balances at the year end to ensure not double counted;
- Obtaining confirmations over selected customer balances direct from customers; and
- Reviewing customer complaints and testing a sample based on risk criteria for indications of systemic evidence of understatements of customer liabilities.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 August 2022

Statement of comprehensive income
For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Revenue	4	**528.6**	**396.9**
Cost of sales	5	(183.9)	(151.9)
Net credit losses on financial assets	5	(0.8)	(7.0)
Gross profit		**343.9**	**238.0**
Administrative expenses	5	(307.6)	(200.9)
Interest income from investments and operating assets		3.3	1.8
Interest expense from operating assets		(2.7)	(2.8)
Other operating income		4.8	2.6
Other operating expenses		(4.8)	-
Operating profit		**36.9**	**38.7**
Finance income/(expense)		4.8	(3.3)
Profit before tax		**41.7**	**35.4**
Income tax expense	7	(6.9)	(6.4)
Profit for the financial year		**34.8**	**29.0**
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
Fair value loss on investments, net		(17.2)	(3.0)
Currency translation differences		0.1	(1.0)
Total other comprehensive loss		**(17.1)**	**(4.0)**
Total comprehensive income for the year		**17.7**	**25.0**

All results are derived from continuing operations.

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 March 2022

	Note	2022 £m	2021 £m
Non-current assets			
Deferred tax assets	7	104.4	51.9
Property, plant and equipment	8	18.1	16.2
Intangible assets	9	17.3	27.5
Investment in subsidiaries at cost	10	43.1	31.8
Trade and other receivables	11	13.7	14.4
Total non-current assets		**196.6**	**141.8**
Current assets			
Current tax assets		6.3	1.8
Trade and other receivables	11	243.2	159.2
Short-term financial investments	12	1,192.4	737.5
Cash and cash equivalents	13	2,129.3	1,235.3
Total current assets		**3,571.2**	**2,133.8**
Total assets		**3,767.8**	**2,275.6**
Non-current liabilities			
Trade and other payables	14	14.2	18.1
Provisions		1.8	-
Deferred tax liabilities	7	0.5	2.0
Borrowings	15	88.8	90.7
Total non-current liabilities		**105.3**	**110.8**
Current liabilities			
Current tax payables		0.9	-
Trade and other payables	14	3,278.3	1,889.4
Provisions		1.6	2.3
Borrowings	15	3.7	2.0
Total current liabilities		**3,284.5**	**1,893.7**
Total liabilities		**3,389.8**	**2,004.5**
Net assets		**378.0**	**271.1**

Equity			
Share capital	16	-	-
Share premium	16	1.4	1.4
Share-based payment reserves	16	105.1	120.1
Other reserves		(17.8)	(0.7)
Currency translation reserve		(0.7)	(0.8)
Retained earnings		290.0	151.1
Total equity		**378.0**	**271.1**

The accompanying notes form an integral part of these financial statements.

These financial statements on pages 17 to 50 were authorised for issue by the Board of Directors on 26 August 2022 and were signed on its behalf by:

DocuSigned by:
Kristo Käärmann
96D57D1FC175412...
Kristo Kaarmann
Director

DocuSigned by:
EA8FBE7F29B447F...
Matthew Briers
Chief Financial Officer

Wise Payments Limited

Statement of changes in equity

For the year ended 31 March 2022

	Note	Share capital	Share premium	Share-based payment reserves	Other Reserves	Currency translation reserve	(Accumulated losses)/ Retained earnings	**Total equity**
		£m	£m	£m	£m	£m	£m	£m
At 1 April 2020		**-**	**120.5**	**61.8**	**2.3**	**0.2**	**(0.7)**	**184.1**
Profit for the year		-	-	-	-		29.0	**29.0**
Fair value loss on investments		-	-	-	(3.0)	-	-	**(3.0)**
Currency translation differences		-	-	-	-	(1.0)	-	**(1.0)**
Total comprehensive income for the year		**-**	**-**	**-**	**(3.0)**	**(1.0)**	**29.0**	**25.0**
Share-based employee compensation expense		-	-	36.9	-	-	-	**36.9**
Tax credit relating to share option schemes		-	-	24.2	-	-	-	**24.2**
Issue of share capital		-	0.9	(2.8)	-	-	2.8	**0.9**
Reduction of share capital		-	(120.0)	-	-	-	120.0	**-**
At 31 March 2021		**-**	**1.4**	**120.1**	**(0.7)**	**(0.8)**	**151.1**	**271.1**
Profit for the year		-	-	-	-	-	34.8	**34.8**
Fair value loss on investments, net	12	-	-	-	(17.2)	-	-	**(17.2)**
Currency translation differences		-	-	-	-	0.1	-	**0.1**
Total comprehensive income for the year		**-**	**-**	**-**	**(17.2)**	**0.1**	**34.8**	**17.7**

Wise Payments Limited								
Share-based compensation expense		-	-	11.0	-	-	1.0	**12.0**
Transfer of the obligation to settle share-based payment awards		-	-	(79.1)	-	-	79.1	**-**
Recharge allocated to parent for share-based payment awards		-	-	-	-	-	25.3	**25.3**
Tax credit relating to share option schemes	7	-	-	54.4	-	-	-	**54.4**
Employee share schemes		-	-	(1.3)	-	-	1.3	**-**
Dividends		-	-	-	-	-	(1.4)	**(1.4)**
Other distributions		-	-	-	-	-	(1.1)	**(1.1)**
Redemption of preference shares		-	-	-	0.1	-	(0.1)	**-**
At 31 March 2022		**-**	**1.4**	**105.1**	**(17.8)**	**(0.7)**	**290.0**	**378.0**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements
For the year ended 31 March 2022

1.1 General information

Wise Payments Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ. The principal activity of the Company is the provision of cross-border money transfer services. The Company changed its name from Transferwise Ltd to Wise Payments Limited on 21 June 2021.

The Company was the parent company of the former Transferwise Group until 22 June 2021, when the pre-listing reorganisation took place (see below).

Group reorganisation

The following steps were completed on 22 June 2021, as part of the pre-listing reorganisation:

- the existing preferred and ordinary shares in Wise Payments Limited were re-designated as A Ordinary Shares and a share split was undertaken;
- the existing shareholders of Wise Payments Limited were offered the opportunity to elect to receive the B Shares, in addition to their A Shares, to create a dual class share structure comprising A Shares and B Shares. Such B Shares were issued by way of bonus issue to such electing, existing shareholders;
- the existing shareholders in Wise Payments Limited entered into a share for share exchange with Wise plc, pursuant to which Wise plc acquired the entire issued share capital of Wise Payments Limited in exchange for the issue of matching Class A Shares, Class B Shares and a non-voting redeemable preference share in Wise plc to the existing shareholders (and any unexercised options and unvested awards over shares in Wise Payments Limited were exchanged for options over Class A Shares in Wise plc);

As a result of the reorganisation, Wise Payments Limited transferred its share-based payment obligations to Wise plc, who will be responsible for the settlement of the share-based payment awards. Wise plc is registered at 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ and its financial statements can be found in the public domain.

1.2 Basis of preparation

The financial statements of Wise Payments Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation
- techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  paragraph 79(a)(iv) of IAS 1;
  paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates
- and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Group.
- Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.

The principal accounting policies applied in the preparation of these financial statements are set out in note 2. These policies have been consistently applied to all the years presented, unless otherwise stated.

Preparation of financial statements requires significant accounting judgments and estimates which have been laid out in note 3.

Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the available resources to continue in business for the foreseeable future.

The Directors have made inquiries of management and considered forecasts for the Company and have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to meet its financial obligations as they fall due and to continue in operations for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Basis of consolidation

The company is a wholly owned subsidiary of Wise Financial Holdings Limited and of its ultimate parent, Wise plc. It is included in the consolidated financial statements of Wise plc, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ.

These financial statements are separate financial statements.

Note 2. Summary of significant accounting policies

2.1 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022 that have a material impact on the company's financial statements.

2.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it satisfies any of the following criteria:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3 Foreign currencies translation

Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). All financial information is presented in millions of Pounds Sterling ("£"), rounded to the nearest £0.1m, which is also the Company's functional currency, unless otherwise stated.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss (either as cost of sales or operating expenses). Non-monetary assets and liabilities are translated at historical exchange rates if held at

historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in either the income statement or shareholder's equity depending on the treatment of the gain or loss on the asset or liability.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, on-demand deposits, Money Market Funds (MMF) and other short-term high quality liquid investments with original maturities of three months or less and e-money held with payment processing partners. Cash that has been paid out from the Company's bank account but has not been delivered to the bank account of the beneficiary is classified as cash in transit. Cash collateral deposits the Company holds with its counterparties are recognised under Trade and other receivables in the statement of financial position.

Customer deposits

The Company recognises financial assets and liabilities for the funds customers hold on their accounts ("Wise Accounts") and the funds collected from customers, as part of the money transfer settlement process, that have not yet been processed. The liability is recognised upon receipt of cash or capture confirmation (depending on pay-in method), and is derecognised when cash is delivered to the beneficiary. Additionally, the Company considers it does not have a legally enforceable right to set off these financial assets and liabilities, or an intention to settle them on a net basis or settle them simultaneously.

Principles to determine the point of delivery are the same as applied in revenue recognition, see note 2.13. Cash that has been paid out but has not yet been delivered to the beneficiary account is reflected as cash in transit to customers.

2.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions to reflect impairment in value.

2.6 Impairment of investments in subsidiaries

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

2.7 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.8 Financial assets

Investments and other financial assets

The Company classifies its financial assets, at initial recognition, and subsequently measures them at amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how they are used in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held with the objective to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held with the objective of both holding to collect contractual cash flows and selling.

The Company classifies debt securities (e.g. bonds) as FVOCI pursuant with the above policy as the contractual cash flows are solely payments of principal and interest, and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

Recognition and derecognition

Purchases and sales of financial assets are recognised on the settlement date according to market conventions. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Impairment

The Company recognises an allowance for Expected Credit Losses (ECL) for trade receivables and uses a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments held at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether or not the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments held at FVOCI consisted solely of quoted bonds that are graded in the top investment category Aa2 and better by Moody's Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Moody's both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Refer to note 2.20 for further information on trade receivables and expected credit losses.

2.9 Derivative financial instruments

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are foreign currency swaps, foreign exchange forwards and non-deliverable foreign exchange forwards. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.10 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Right-of-use assets are depreciated over the lease term (2-7 years). Capitalised reconstruction and internal design costs of leased office space (shown as 'Leased office improvements' in the notes to the financial statements) are depreciated over the lease term (typically 2-5 years) and other office equipment over 2 years.

Computer equipment is not recorded into property, plant and equipment but expensed, as low value short-lived equipment in the Company.

2.11 Intangible assets – Internally generated software development costs

The Company develops software used in provisioning of its services. Development costs that are directly attributable to the design, development and testing of the software controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product comprise the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs, domain and licence purchases are recorded as intangible assets and amortised over their estimated useful economic lives. Intangible assets are assessed for impairment whenever there is an indicator that they might be impaired, for example when the assets are no longer in use and need to be decommissioned.

The Company amortises intangibles assets on a straight-line basis over 3 years, except for mobile applications which are amortised over 2 years.

2.12 Trade and other payables

Trade payables consist of obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers on the basis of normal credit terms and do not bear interest. Other payables, which relate to Wise Accounts and money transfers that have not been processed by the Company at the reporting date, are non-derivative liabilities to individuals or business customers for money they hold with the Company and do not constitute borrowings.

Payables are initially recognised at fair value and subsequently measured at amortised cost.

2.13 Revenue recognition

The Company primarily generates revenue from money transfers and Wise Account, including conversions and debit card services.

The Company recognises revenue according to the principles of IFRS 15 using the five-step model:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction to the performance obligations in the contract
5. Recognise the revenue when (or as) the entity satisfies the performance obligation

A customer enters into the contract with the Company at the time of opening a Wise Account or initiating a money transfer. Generally, the customer agrees to the contractual terms by formally accepting, on Wise's website or the App, the terms and conditions of the respective service, which details the Company's performance obligations and fees.

In the case of debit card services, it is at the time the card is made available for use and the customer is able to either make a payment or a withdrawal.

The fees charged to customers are shown to them upfront prior to the transaction being initiated. For international transfers, a single upfront fee per transaction is charged, consisting of a fixed and variable amount. The amount of both the fixed and the variable portion of the fee depends on a number of factors, including the currency route, the transfer size, the type of transaction being undertaken and the payment method used.

As there is typically a single performance obligation associated with each type of service provided to a customer, the revenue is recognised at the point in time when the performance obligation has been satisfied. For money transfers it is upon delivery of funds to the recipient. In case of money conversions it is when a customer balance is converted into a different currency and for debit card services it is upon transaction capture.

The timing required for the Company to process the payment to the recipient and, hence, to satisfy its performance obligations largely depends on the processing time its banking partners require to deliver funds to the recipient. Therefore, the revenue is deferred until the funds are delivered. In certain jurisdictions where the Company has settlement accounts with the Central Banks or in the case of transfers between Wise Accounts or conversions within a Wise Account, such transactions are fulfilled instantly.

2.14 Other income recognition from contracts with partners

Income from contracts with partners is recognised over their contractual terms as the relevant performance conditions are met. The contracts may contain certain performance conditions and milestones. The Company defers any cash consideration received up front until it is probable that these conditions and milestones are met.

2.15 Interest income and expense

Interest income from investments and interest earned from holding customer funds on Wise Accounts is recognised as interest income from investments and operating assets using the effective interest rate method. Investments are classified as financial assets at fair value through other comprehensive income, whilst Wise Accounts holding customer funds are financial assets measured at amortised cost.

Interest expense incurred from holding customer funds on Wise Accounts primarily relate to negative interest rates on euro denominated balances.

2.16 Leases

A lease is a contract or part of a contract that conveys to the lessee the right to control the use of an identifiable asset for a period of time in exchange for consideration.

The Company as the lessee

Initial measurement

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use of assets are recorded within the 'Property, plant and equipment' line in the statement of financial position and is measured at an amount equal to the lease liability. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

After the commencement date, a lessee measures the right-of-use asset estimated by applying a cost model. To apply a cost model, a lessee measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis.

Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If there are changes in lease payments, there may be a need to remeasure the lease liability. A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT and office equipment.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the lessors.

At the reporting date, the Company is exposed to future cash outflows that are not reflected in the measurement of lease liabilities. These arise from extension options and a termination option available to the Company for a number of lease agreements for office spaces. The Company initially assesses at lease commencement whether it is reasonably certain it will exercise the options and subsequently reassesses it if there is a significant event or significant changes in circumstances within its control. The Company has concluded it is not reasonably certain that the options will be exercised.

2.17 Cost of sales

Cost of sales comprises the costs that are directly associated with the Company's principal revenue stream of money transfer and conversion services. This includes:

- bank and partner fees, including any applicable discounts, incurred in processing customer transfers;
- net foreign exchange costs generated due to customer transactions and costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Company in acquiring currency as required as well as product losses that are directly generated from consumer transactions, including chargeback losses.

2.18 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets on share based payments are recognised in line with the IFRS 2 charge for the share options not exercised at the balance sheet date. The deferred tax assets on share based payments are determined based on the share price at the balance sheet. The impact of recognition is split between income tax expense in profit or loss for the period, for the element up to the cumulative remuneration expense; and the share-based payment reserve, recognised directly in equity, for the element in excess of the related cumulative remuneration expense. Refer to note 7 for further details.

The impact of the recognition of deferred tax assets on losses is split between the share-based payment reserve for the element of the tax deduction on exercise in excess of the related cumulative remuneration expense and the income tax expense in profit or loss for the balance of the loss.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

2.19 Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-term obligation
Employee entitlements for long term leave is recognised as a liability using probability of staff departures and leave utilisation.

Share-based payments
The Group operates a number of equity settled share based compensation plans for the employees of subsidiary undertakings. The Company's employees are eligible for this plan. The employee share option plan is designed to provide long-term incentives for all employees to deliver long-term shareholder returns.

This plan was previously operated by Wise Payments Limited, which was the former ultimate parent of the Wise Group, as detailed in note 1.1. On 22 June 2021, as part of the pre-listing reorganisation of the Wise Group, the obligation to settle the share-based payment awards was transferred from Wise Payments Limited to Wise plc.

Wise Payments Limited
At the date of the transfer of the obligation to the Company the charge of £79.1m which was based on the value of the share based payment awards in Wise Payments Limited, was treated as a cost of investment in Wise Payments Limited, with a corresponding increase in the Company's share-based payment reserves. The remaining balance in the share-based payment reserve relates to deferred tax assets recognised on unexercised share options and losses generated by share based payment deductions. Refer to note 2.18 for further details.

The fair value of the employee services received in exchange for the grant of the options and awards is recognised in employee benefit expenses, over the period in which the service and the performance conditions are fulfilled (the vesting period). The total amount to be expensed is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions of the number of options and awards that are expected to vest.

2.20 Trade and other receivables

Trade and other receivables primarily consist of amounts due from payment processors and collateral deposits the Company holds with its counterparts. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less impairment for expected credit losses. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from the initial recognition of the receivables. Refer to note 2.8 above for further information on expected credit losses.

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred and treated as a transaction cost when the draw-down occurs.

2.22 Provisions

Provisions are liabilities where the exact timing and amount of the obligation are uncertain. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, when an outflow of resources is probable to settle the obligation and when an amount can be reliably estimated. Where the time value of money is material, provisions are discounted to current values using appropriate rates of interest. The unwinding of the discounts is recorded in net finance income or expense.

2.23 Specific allowance for expected credit losses

The Company may recognise specific allowance for individually material financial assets for which credit quality deteriorates significantly. The Company takes into account specific facts and circumstances that might indicate impairment, such as litigation risk, credit rating and financial results of the counterparty. The Company also uses the weighted probability method to assess the recoverability of the amounts and monitors subsequent changes in the assumptions and estimates on a regular basis. The recognised specific allowance amount at the year ended 31 March 2022 is £7.4m (2021: £6.7m). This allowance for credit losses is related to all of our funds being improperly withheld by a Brazilian financial institution, MS Bank S.A. Banco de Câmbio and all of the accounts receivable from the same party. The change in the allowance amount within the year relates to FX movements.

2.24 Legal provisions and contingent liabilities

The Company may become party to litigation proceedings from time to time and recognise a legal provision when a) it has a present obligation as the result of a past event, b) it is probable the outflow of economic resources will be required to settle the obligation and c) a reliable estimate of the such amount can be made. If these conditions are not met, the Company discloses contingent liabilities; unless the likelihood of the outflow of the economic benefit is remote. The Company did not recognise any legal provision in relation to ongoing litigations for the year ended 31 March 2022 (2021: £nil). In addition, the probability of the outflow of the economic benefit for any ongoing litigations is considered remote, thus the Company does not disclose any contingent liability for the year ended 31 March 2022 (2021: £nil).

Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.1 Customer balances

The Company recognises financial assets and corresponding liabilities for the funds customers hold on their Wise Accounts and the funds the Company receives as part of the money transfer settlement process. At the point that the cash is received from the customer, the Company becomes party to a contract and has a right and an ability to control the economic benefit from the cash flows associated with this balance. Additionally, the Company considers it does not have a legally enforceable right to set off these financial assets and liabilities, or an intention to settle them on a net basis or settle them simultaneously. Therefore, Management has concluded that the recognition of the financial assets and their respective liabilities on the balance sheet is appropriate.

3.2 Deferred taxes

Deferred tax judgement is not dependent on assumptions or other key sources of estimation uncertainty, at the end of the reporting period, that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next 12 months. However, it does require estimates that are subject to inherent uncertainty.

Deferred tax assets are recognised for unused tax losses, future share option tax deductions and other temporary differences to the extent that it is probable that sufficient taxable profit will be available against which these assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. A significant element of the deferred tax asset relates to share-based payments for the employee share option plan operated by the Group; in which the Company's employees participate.

In assessing the probability and sufficiency of future taxable profit, the management takes into account long-term forecasts and whether future profit forecasts are considered 'more likely than not' as supporting evidence for deferred tax asset recognition. The deferred tax asset is recognised at £104.4m (2021: £51.9m).

3.3 Net gains and losses from foreign exchange differences

The Company classifies net foreign exchange gains and losses from customer transactions, including the costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Company in acquiring currency as required, as cost of sales. The Company considers these costs as directly related to and incurred as part of providing services to the customers. The total net foreign exchange differences recognised in the cost of sales for the year ended 31 March 2022 is £8.2m (2021: £3.9m).

Note 4. Revenue

	Year ended 31 March	
	2022	2021
	£m	£m
Revenue by customer type		
Personal	407.2	322.0
Business	121.4	74.9
Total revenue	**528.6**	**396.9**

Disaggregation of revenues

In the following table revenue from contract with customers is disaggregated by major geographical market based on customer address:

	Year ended 31 March	
	2022	2021
	£m	£m
Revenue by geographical regions		
Europe (excluding UK)	196.1	127.2
United Kingdom	117.0	92.0
North America	104.3	107.7
Asia-Pacific	91.5	47.1
Rest of the world	19.7	22.9
Total revenue	**528.6**	**396.9**

Note 5. Cost of sales and administrative expenses

Breakdown of expenses by nature:

	Year ended 31 March	
	2022	2021
	£m	£m
Cost of sales		
Bank and partner fees	144.4	117.8
Net foreign exchange loss and other product costs	39.5	34.1
Total cost of sales	**183.9**	**151.9**
Net credit losses on financial assets		
Amounts charged to credit losses on financial assets	0.8	7.0
Total net credit losses	**0.8**	**7.0**

Expected credit losses are presented as net credit losses within gross profit and subsequent recoveries of amounts previously written off are credited against the same line item. Subsequent recoveries of amounts previously written off are negligible in both current and prior year.

	Year ended 31 March	
	2022	2021
	£m	£m
Administrative expenses		
Employees and directors benefit expenses	139.8	112.4
Consultancy and outsourced services	137.7	84.0
Other administrative expenses	14.5	4.1
Depreciation and amortisation	20.3	19.9
Less: Capitalisation of staff costs	(4.7)	(19.5)
Total administrative expenses	**307.6**	**200.9**

Refer to note 6 for details on employee benefit expenses.

The share-based payment compensation expense for the year ended 31 March 2022 is £34.5m (2021: £32.8m) for employees directly employed by the Group and £0.3m (2021: £0.4m) for outsourced personnel, which is reported under consultancy and outsourced services. Refer to note 6. Within other administrative expenses are included £0.6m of foreign exchange impact in relation to the share based payment compensation expense for employees in Company's branches (2021: £0.4m).

Auditors' remuneration

Audit fees payable to the Company's audit services pursuant to these accounts were £0.2m (2021: £0.3m) and £0.1m (2021: £1.0m) for non-audit or other services performed by the Company's auditors.

Note 6. Employees and Directors benefit expenses

	Year ended 31 March	
	2022	2021
	£m	£m
Salaries and wages	85.8	65.0
Share based payment compensation expense	34.5	32.8
Social security costs	16.4	-
Pension costs	2.0	-
Other employment taxes and insurance cost	1.1	14.6
Total employee benefit expense	**139.8**	**112.4**

The share based payment compensation expense for the year includes £0.9m credit for employees reallocated within the wider Wise Group (2021: nil).

The average number of employees during the year ended 31 March 2022 was 2,271 (2021: 1,736 employees).

Directors' remuneration

Aggregate Directors' remuneration can be found in the Group accounts in note 23. The table below represents the portion of Director's remuneration attributable to services provided to the Company.

	Year ended 31 March	
	2022	2021
	£m	£m
Salaries and wages	0.2	0.5
Total Directors' remuneration	**0.2**	**0.5**

There were no retirement benefits accrued for the Directors in the financial year (2021: £nil). There were no contributions made in respect of the highest paid director relating to money purchase schemes in the financial year (2021: £nil). The aggregate remuneration of the highest paid Director in relation to services provided to the Company was £0.1m (2021: £0.2m). The highest paid Director did not exercise any share options in the financial year (2021: £nil).

Note 7. Income tax expense

Tax expense:

	Year ended 31 March	
	2022	2021
	£m	£m
Current income tax for the year		
UK corporation tax	15.8	6.2
Adjustment in respect of prior years	0.3	(0.9)
Total current tax expense for the year	**16.1**	**5.3**
Deferred income tax for the year		
(Increase)/Decrease in deferred tax	(9.6)	2.3
Adjustment in respect of prior years	0.4	(1.2)
Total deferred tax (credit)/expense for the year	**(9.2)**	**1.1**
Total tax expense for the year	**6.9**	**6.4**

Factors affecting tax expense for the year:

	Year ended 31 March	
	2022	2021
	£m	£m
Profit before taxation	41.7	35.5
Profit multiplied by the UK tax rate of 19% (2021: 19%)	7.9	6.7
Adjustments in respect of prior periods	0.7	(2.1)
Effect of expenses not deductible	1.1	0.2
Movement in tax provisions	1.6	0.7
Employee option plan	1.0	0.1
Difference in overseas tax rates	0.6	0.8
Change in rate of recognition of deferred tax	(4.3)	-
Income not taxable	(1.7)	-
Total tax expense for the year	**6.9**	**6.4**

Wise Payments Limited's effective tax rate (ETR) before other comprehensive income (OCI) is a 16% charge (2021: 18% charge).

This equates to the applicable UK tax rate of 19%, adjusted for a number of factors such as disallowable listing costs, UK tax rate change and employee option plans.

On 24 May 2021, an increase in the UK corporation tax rate from 19% to 25% applicable from 1 April 2023 was substantively enacted. Therefore, the UK deferred tax assets and liabilities, which are expected to unwind after 1 April 2023, have been re-measured in the current reporting period based on the increased UK corporation tax rate and reflected in the statement of profit and loss and equity.

Amounts recognised in other comprehensive income:

	2022 £m	2021 £m
Deferred tax		
Recognition of deferred tax asset on listed bonds	5.4	-
Total amounts recognised in other comprehensive income	**5.4**	**-**

Amounts recognised directly in equity:

	2022 £m	2021 £m
Current tax		
Deduction for exercised options	15.0	2.5
Deferred tax		
Recognition of deferred tax asset on share-based payments	39.4	21.7
Total amounts recognised directly in equity	**54.4**	**24.2**

* Recognition of deferred tax on share-based payments compensation consists of future share based payments deductions and carry forward losses generated by share based payments.

The deferred tax asset in relation to share-based payments was recognised based on the share price at the balance sheet date which was £4.95.

Wise Payments Limited

Deferred tax assets and liabilities

Movements during the year

Year ended 31 March 2022

	1 April 2021 £m	Recognised in income £m	Recognised in equity/OCI £m	FX £m	**31 March 2022 £m**
Property, plant and equipment	0.4	(0.6)	-	-	(0.2)
Share based payments	50.8	6.7	(10.6)	-	46.9
Intangibles	(2.7)	0.5	-	-	(2.2)
Provisions	1.2	0.7	-	-	1.9
Tax losses	2.2	0.4	50.0	-	52.6
Other	(2.0)	1.5	5.4	-	4.9
Closing deferred tax asset	**49.9**	**9.2**	**44.8**	**-**	**103.9**
Represented by:					
Deferred tax assets					104.4
Deferred tax liabilities					(0.5)
Total					**103.9**

Year ended 31 March 2021

	1 April 2020 £m	Recognised in income £m	Recognised in equity/OCI £m	FX £m	**31 March 2021 £m**
Property, plant and equipment	0.1	0.3	-	-	0.4
Share based payments	26.6	5.7	18.5	-	50.8
Intangibles	(1.3)	(1.4)	-	-	(2.7)
Provisions	0.3	0.9	-	-	1.2
Tax losses	4.7	(5.7)	3.2	-	2.2
Other	(1.1)	(0.9)	-	-	(2.0)
Closing deferred tax asset	**29.3**	**(1.1)**	**21.7**	**-**	**49.9**
Represented by:					
Deferred tax assets					51.9
Deferred tax liabilities					(2.0)
Total					**49.9**

The deferred tax asset mainly comprises unexercised share options and losses generated by share based payment deductions. The current period tax losses have arisen due to post-listing share option exercises. The deferred tax assets are reviewed at each reporting date to determine recoverability and to determine a reasonable time frame for utilisation. There is no time limit for utilisation of UK tax losses. In light of this analysis, Wise Payments Limited considers it is probable that there will be sufficient taxable profits in the next 6 years to realise the deferred tax asset. Consequently, Wise Payments Limited has unrecognised deductible temporary differences of £nil (2021: £nil) and the asset has been recognised in full as at 31 March 2022.

Note 8. Property, plant and equipment

	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	**Total**
	£m	£m	£m	£m	**£m**
As at 1 April 2021					
Cost	19.0	5.1	3.0	0.4	**27.5**
Accumulated depreciation	(6.1)	(3.8)	(1.4)	-	**(11.3)**
Net book value	**12.9**	**1.3**	**1.6**	**0.4**	**16.2**
Additions	1.9	4.0	1.0	0.2	**7.1**
Reclassifications	-	0.4	-	(0.4)	**-**
Depreciation charge	(3.2)	(1.0)	(0.8)	-	**(5.0)**
Foreign currency translation differences	-	(0.1)	(0.1)	-	**(0.2)**
At 31 March 2022					
Cost	20.8	8.0	3.3	0.2	**32.3**
Accumulated depreciation	(9.2)	(3.4)	(1.6)	-	**(14.2)**
Net book value	**11.6**	**4.6**	**1.7**	**0.2**	**18.1**

Note 9. Intangible assets

	Software	Other intangible assets	**Total**
	£m	£m	**£m**
As at 31 March 2021			
Cost	45.8	1.6	**47.4**
Accumulated amortisation	(19.7)	(0.2)	**(19.9)**
Net book value	**26.1**	**1.4**	**27.5**
Additions	4.7	0.4	**5.1**
Amortisation charge	(14.8)	(0.5)	**(15.3)**
At 31 March 2022			
Cost	39.0	2.0	**41.0**
Accumulated amortisation	(23.0)	(0.7)	**(23.7)**
Net book value	**16.0**	**1.3**	**17.3**

Software is an internally generated intangible asset which consists of capitalised development costs. Other intangible assets primarily include licences and domain purchases.

Note 10. Investment in subsidiaries at cost

The company holds investments in the following subsidiaries as at 31 March 2022:

Name	Nature of business	Effective holding % of Ordinary Shares	Country	Registered address
Wise Switzerland AG	Dormant	100%	Switzerland	Oberneuhofstrasse 6, 6340 Baar, Switzerland
Wise ILS Ltd	Dormant	100%	Israel	7 Ribal, Tel Aviv – Jaffa, 6777840 Israel
Wise Nuqud Ltd	Online currency exchange service	100%	United Arab Emirates	5-141, level 15, Al Khatem Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates
Wise Payments Canada Inc	Online currency exchange service	100%	Canada	99 Bank Street, Suite 1420, Ottawa, ONK1P 1H4, Canada
Wise US Inc	Online currency exchange service	100%	USA	108 West 13th Street, Wilmington, New Castle Delaware
Wise Brasil Corretora de Cambio Ltda	Online currency exchange service	99%	Brazil	Avenida Paulista, 2537, Bela Vista, São Paulo, 01311-100, Brasil
TransferWise Brasil Correspondence Cambial e Pagamentos Ltd	Dormant	100%	Brazil	Avenida Paulista, 2537, Bela Vista, São Paulo, 01311-100, Brasil
Wise Brasil Pagamentos Ltda	Online currency exchange service	100%	Brazil	Avenida Paulista, 2537, Bela Vista, São Paulo, 01311-100, Brasil
Wise Chile SpA	Dormant	100%	Chile	Los Militares 5001, oficina 1101, Las Condes
Wise Pagos Mexico, S.A. de C.V.	Dormant	99%	Mexico	Montecito 38, piso 37 oficina 30, Colonia Narvarte, WTC Mexico, Ciudad de México, C.P. 03810
Wise Australia Pty Ltd	Online currency exchange service	100%	Australia	Level 15, 390 St Kilda Road, Melbourne, VIC 3004
Wise China Ltd	Online currency exchange service	100%	China	Room 150, 4th Floor, Fuhui Building C, No. 26 Qixia Road, Pudong New Area, Shanghai, China, 200120

Wise Payments Limited

Wise Payments Hong Kong Ltd	Online currency exchange service	100%	Hong Kong	46/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Wise Payments India Private Ltd	Dormant	100%	India	Level 7, B wing, The Capital, G-Block Bandra Kurla Complex, Bandra (East) Mumbai, Mumbai City MH 400051 India
PT Wise Payments Indonesia	Online currency exchange service	99%	Indonesia	GOWORK, PLAZA INDONESIA MALL, LT. 5, JL. M.H. THAMRIN KAV. 28-30, Kel. Gondangdia, Kec. Menteng, Kota Adm. Jakarta Pusat, Prov. DKI Jakarta
Wise Payments Japan K.K.	Online currency exchange service	100%	Japan	1-6-1, Otemachi, Chiyoda-ku, Tokyo, Japan 100-0004
Wise Payments Malaysia Sdn. Bhd.	Online currency exchange service	100%	Malaysia	Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia
Wise Pilipinas Inc.	Dormant	100%	Philippines	Wework 30th Floor Yuchengco Tower, RCBC Plaza, 6819 Ayala Ave., Bel-Air, Makati City 1226, Philippines
Wise Asia-Pacific Pte Ltd	Online currency exchange service	100%	Singapore	1 Paya Lebar Link #13-06 – #13-08, PLQ 2, Paya Lebar Quarter, Singapore 408533
Wise Payments Korea Ltd	Dormant	100%	South Korea	83 Uisadang-daero, Yeongdeungpo-gu, Seoul, 07325, South Korea
Wise Payments (Thailand) Ltd	Dormant	100%	Thailand	999/9, The Offices at Central World, Common ground zone, G Floor, Unit C08, Rama I Road, Pathumwan Sub-district, Pathumwan District, Bangkok
Vaho Forex Private Ltd	Dormant	100%	India	4/55 Wea Saraswati Marg, Karol Bagh, Delhi 110005, India
Wise Europe SA	Online currency exchange service	99%	Belgium	Avenue Louise 54, room S52, 1050 Brussels, Belgium

The movement in the subsidiaries undertakings during the financial period to 31 March 2022 is provided below:

	2022 £m	2021 £m
Beginning of the period	31.8	12.1
Additions	10.1	15.9
Disposals	(0.2)	-
Capital contributions regarding employee services in subsidiaries*	1.4	3.8
End of the period	**43.1**	**31.8**

*until 22 June 2021, reorganisation date; see below for further details.

Wise Payments Limited
On 22 June 2021, the Company distributed its entire issued share capital of Wise Financial Holdings Limited to Wise plc and Wise plc contributed its shares in Wise Payments Limited to Wise Financial Holdings Limited in exchange for an issue of new shares in Wise Financial Holdings Limited, resulting in Wise Financial Holdings Limited becoming a holding company of Wise Payments Limited.

As a result of this reorganisation, the obligation to settle the share-based payment awards was transferred from the Company to Wise plc. Furthermore, as part of this reorganisation, the Company transferred 100% of the shares of TINV Ltd to Wise Financial Holdings Limited by way of a distribution in specie (£0.2m).

During the period, the Company proceeded with new investments of total £3.6m: £2.0m in Vaho Forex Private Ltd, £1.4m in Wise Pilipinas Inc. and the remaining £0.2m in Wise China Ltd, Wise Payments Korea Ltd, Wise Payments Thailand and Wise Chile SpA. In addition, the Company increased the share capital of subsidiaries by £6.5 million: Wise Europe SA by £4.5m, Wise Payments Malaysia Sdn. Bhd. by £0.9m, Wise Brasil Pagamentos Ltda by £0.8m and Wise Asia-Pacific Pte Ltd by £0.3m; and added a capital contribution by issuing share options to all subsidiaries in total by £1.4 million.

In the comparative year, the Company proceeded with new investments of total £15.8 million: £12.8m in Wise Australia Pty Ltd, £2.4m in Wise Brasil Corretora de Cambio Ltda, £0.3m in Wise Brasil Pagamentos Ltda, £0.2m in Wise ILS Ltd and £0.1m in Wise Switzerland AG. In addition, the Company increased the share capital of subsidiaries by £0.1 million in Wise Nuqud Ltd and Wise Payments Malaysia Sdn. Bhd.; and added a capital contribution by issuing share options to all subsidiaries in total by £3.8 million.

Note 11. Trade and other receivables

	2022	2021
	£m	£m
Non-current trade and other receivables		
Office lease deposits	0.4	0.4
Other non-current receivables	13.3	14.0
Total non-current trade and other receivables	**13.7**	**14.4**
Current trade and other receivables		
Receivables from payment processors	17.3	24.8
Collateral deposits	31.2	24.8
Prepayments	5.4	5.1
Receivable from Group companies	181.8	102.4
Other receivables*	7.5	2.1
Total current trade and other receivables	**243.2**	**159.2**

*Net of expected credit loss provision of £9.9m as at 31 March 2022 (2021: £8.3m). The movement in the year is predominantly related to increased activity and the related increase in customer balances, which resulted in the increase of customers' balances older than 60 days.

Customer chargebacks increased by £0.1m to £0.5m at 31 March 2022 (31 March 2021: £0.4m) and overdrawn accounts increased by £0.9m to £2.8m (31 March 2021: £1.9m).

Wise Payments Limited
Amounts due from Group companies are unsecured, interest free and are repayable on demand.

The carrying values of current trade receivables approximate their fair values because these balances are expected to be cash settled in the near future unless a provision is made.

Note 12. Financial assets at fair value through other comprehensive income

Short-term financial investments are recognised as debt investments at FVOCI and comprise the following investments in listed bonds:

	2022	2021
	£m	£m
Short-term financial investments - level 1		
Listed bonds	1,192.4	737.5
Total short-term financial investments	**1,192.4**	**737.5**

During the year, the following losses were recognised in other comprehensive income:

	2022	2021
	£m	£m
Debt investments at FVOCI		
Fair value losses recognised in other comprehensive income	(22.6)	(3.0)
Recognition of deferred tax asset on listed bonds	5.4	-
Total fair value losses in other comprehensive income	**(17.2)**	**(3.0)**

During the year, the Company sold £147.3m of financial assets at FVOCI before maturity. The net loss of £4.8m on disposal of the listed bond was transferred from the fair value reserves in equity to the income statement in other operating expenses.

Note 13. Cash and cash equivalents

	2022	2021
	£m	£m
Cash and cash equivalents		
Cash at banks, in hand and in transit between Group bank accounts*	2,028.3	1,180.0
Cash in transit to customers**	50.9	45.3
Investment into money market funds	50.1	10.0
Total cash and cash equivalents	**2,129.3**	**1,235.3**

* Cash in transit between Group bank accounts represents liquidity movements in the process of interbank clearing.

** Cash in transit to customers represents cash that has been paid out from the Group bank accounts but has not been delivered to the bank account of the beneficiary.

As at 31 March 2022, in addition to other highly liquid assets, such as money market funds and investment grade bonds, the Company held £1,746.0m (2021: 792.8m) of cash at bank in segregated, safeguarded bank accounts to secure customer deposits.

Note 14. Trade and other payables

	2022 £m	2021 £m
Non-current trade and other payables		
Non-current accruals	14.2	18.1
Total non-current trade and other payables	**14.2**	**18.1**
Current trade and other payables		
Outstanding money transmission liabilities*	52.7	53.2
Wise accounts	3,036.5	1,661.2
Accounts payable	3.2	3.0
Accrued expenses**	21.7	15.3
Deferred revenue	2.3	2.4
Payables to Group companies	138.2	150.6
Other payables	23.7	3.7
Total current trade and other payables	**3,278.3**	**1,889.4**

* Money transmission liabilities represent transfers that have not yet been paid out or delivered to a recipient.

** Within accrued expenses in the comparative year were included £2.3m of other provisions that are now presented separately in the statement of financial position.

Amounts due to Group companies are unsecured, interest free and are usually paid within 30 days of recognition.

Trade and other payables are unsecured unless otherwise indicated; due to the short-term nature of current payables, their carrying values approximate their fair value.

Note 15. Borrowings

	2022 £m	2021 £m
Current		
Lease liabilities	3.7	2.0
Total current borrowings	**3.7**	**2.0**
Non-current		
Revolving credit facility	78.5	78.6
Lease liabilities	10.3	12.1
Total non-current borrowings	**88.8**	**90.7**
Total borrowings	**92.5**	**92.7**

Debt movement reconciliation:

	Revolving credit facility £m	Lease liabilities £m	**Total** **£m**
As at 1 April 2020	**49.2**	**10.1**	**59.3**
Cash flows:			
Proceeds	118.6	-	**118.6**
Repayments	(90.0)	(3.3)	**(93.3)**
Interest expense paid	(2.2)	(0.6)	**(2.8)**
Non-cash flows:			
New leases	-	7.1	**7.1**
Interest expense	3.0	0.6	**3.6**
Foreign currency translation differences	-	0.2	**0.2**
As at 31 March 2021	**78.6**	**14.1**	**92.7**
Cash flows:			
Proceeds	43.0	-	**43.0**
Transaction costs related to revolving credit facility	(0.8)	-	**(0.8)**
Repayments	(43.0)	(2.0)	**(45.0)**
Interest expense paid	(2.8)	(0.7)	**(3.5)**
Non-cash flows:			
New leases	-	1.9	**1.9**
Interest expense	3.5	0.7	**4.2**
As at 31 March 2022	**78.5**	**14.0**	**92.5**

The interest expense accrued is recognised within the finance expense in the statement of profit and loss.

Revolving credit facility (RCF)

The Company is obligor to a multi currency debt facility for £160.0m with Silicon Valley Bank, Citibank N.A., JP Morgan Chase Bank N.A. and National Westminster Bank plc with maturity date in March 2024. In August 2021, an accordion was exercised with Barclays Bank plc, Goldman Sachs Lending Partners LLC and Morgan Stanley Senior Funding Inc to increase the debt facility by an additional £52m. The undrawn amount of the facility as at 31 March 2022 was £132.0m (2021: £80.0m).

During the year ended 31 March 2022, the effective interest rate on the relevant facility was between 2.8% and 3.7% (2021: 2.8-3.6%).

Lease liabilities

As at 31 March 2022, the lease liabilities are £14.0m (2021 £14.1m) and relate to the expected terms remaining on office space leases discounted at between 2.51% and 5.18%. The leases expire between 2023-2025.

Note 16. Share capital

	As at 31 March 2022			As at 31 March 2021		
Class	Nominal value, £	Number of shares	Share capital, £	Nominal value, £	Number of shares	Share capital, £
Class A Ordinary	-	994,589,856	383	-	-	-
Ordinary	-	-	-	0.000 01	16,689,181	166
Seed preferred	-	-	-	0.000 01	5,014,000	50
Series A preferred	-	-	-	0.000 01	6,785,000	68
Series B preferred	-	-	-	0.000 01	2,828,975	28
Series C preferred	-	-	-	0.000 01	2,501,286	25
Series D preferred	-	-	-	0.000 01	871,648	9
Series E preferred	-	-	-	0.000 01	1,535,057	15
Total		**994,589,856**	**383**		36,225,147	361

On 22 June 2021, as part of the pre-listing reorganisation, Wise Payments Limited undertook a share reorganisation in which all shares (ordinary and preference) were redesignated into a single class of A Ordinary Shares. Following which, each Class A Ordinary Share was split into 26 Class A Ordinary Shares. Wise Payments Limited then undertook a bonus issue of B Ordinary Shares.

On the same day and following the above share reorganisation, Wise Payments Limited shareholders entered into a share-for-share exchange agreement with the shareholder of Wise plc, acquiring Wise Payments Limited's Class A and Class B Ordinary Shares with nominal values of £0.000 01 and £0.000 000 001, in exchange for the issue of Wise plc Class A and Class B Ordinary Shares with nominal values of £0.01 (i.e. 1,000 times greater than the nominal value of Wise Payments Limited's Class A shares) and £0.000 000 001, respectively. As a result, Wise Payments Limited ceased to be the ultimate parent company of the Group and Wise plc

Wise Payments Limited
became instead, with a 100% indirect investment in Wise Payments Limited through Wise Financial Holdings Limited.

As a result of the reorganisation, Wise Payments Limited transferred its share-based payment obligations of £79.1m to Wise plc, who will be responsible for the settlement of the share-based payment awards. The remaining balance of £105.1m relates to deferred tax assets recognised on unexercised share options and losses generated by share based payment deductions (2021: £50.7m deferred tax assets recognised on unexercised share options). Refer to note 7 for further details.

Other reserves
Other reserves predominantly relate to investments into highly liquid bonds measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss. Refer to note 12 for further details.

Note 17. Commitments and contingencies

The Company's minimum future payments from non-cancellable agreements as at year end are £1.4m in no later than 1 year (2021: £4.6m) and £0.7m in later than 1 and no later than 5 years (2021: £2.0m).

The Company does not have any other material commitments, capital commitments or contingencies as at 31 March 2022 and 31 March 2021.

Note 18. Post balance sheet events

No post balance sheet events have occurred since 31 March 2022.

Sidevahendid

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